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9 NOV 1960

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MEMORANDUM FOR: Deputy Director of Central Intelligence TP

SUBJECT : NSC Action on Personnel Security

1. This memorandum is for information only.

2. In reference to the recent NSC action (NSC 6013, part 7) concerning personnel security programs that "in making determinations as to the qualifications for employment or retention in employment of persons in the Federal Service, all doubts must be resolved in favor of the national security interest of the United States", you have raised a question as to whether or not this phrase may be too sweeping in relationship to present criteria.

3. Agency policy concerning security requirements for employment and retention in employment are set forth in regulations [redacted]. In regulation [redacted] Section 3, it is Agency policy that personnel shall be persons "who are of excellent character, and of unquestioned loyalty, integrity, discretion, and trustworthiness. Regulation [redacted] Section 2, establishes Agency policy "to employ and to retain in employment only those persons whose employment or retention in employment is found to be consistent with the interest of the national security". The latter regulation incorporates the standards and requirements of Executive Order 10450 and is further based on the Act of 26 August 1950 and Section 102 of the National Security Act of 1947.

4. With the exception of this Agency, AEC and the FBI, the departments and agencies of the Intelligence Community are operating principally under the authority and provisions of Executive Order 10450. This order specifies ". . . . that all persons privileged to be employed in the departments and agencies of the government, shall be reliable, trustworthy, of good conduct and character, and of complete and unswerving loyalty to the United States". Further, Section 2 of that

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order specifies, "the head of each department and agency of the Government shall be responsible for establishing and maintaining within his department or agency an effective program to insure that the employment and retention in employment of any civilian officer or employee within the department or agency is clearly consistent with the interests of the national security." In this regard you will recall that in the recommendations of the Security Committee to the USIB on 22 September 1960, paragraph (3), the Security Committee cites as a deterrent to an effective personnel security program, "(a) varying interpretations of investigative reports by administrative officials in assessing security cases and problems" and "contrary to the provisions of Executive Order 10450 and Executive Order 10501 which emphasize that employment and access to classified intelligence is a privilege and not a right, it is submitted that adjudicating officials sometimes interpret security investigative reports to the benefit of the individual concerned rather than in terms of the national security. This appears to reflect a growing climate of opinion."

5. In the field of personnel security, Executive Order 10450 is the official document expressing executive policy. The NSC action, as recorded in the minutes of the NSC meeting, would logically be considered an expression of opinion and guidance to the heads of the executive departments in their application of the provisions of the Executive Order. It is not considered that the NSC action supersedes Executive Order 10450. The head of each department is responsible for the personnel security program within his department and further, would be responsible for interpreting and applying the guidance in the NSC action.

6. It is felt that NSC action does not create a problem in the Agency in the adjudication of security information for either employment or retention in employment. By practice and interpretation of Agency policy any doubts of a serious nature are resolved in favor of the Agency. In the clearance of personnel for duty with the Agency, the great percentage of cases clearly fall in the approval or disapproval category. Only a small percentage of cases represent what we call "borderline cases" where security information creates doubts as to whether or not employment of the individual is warranted. Most of these cases are quite involved in nature and the security questions or doubts concern unresolved information or the interpretation of information.

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7. It is possible that the interpretation and application of the NSC action may cause some problems within the military services, the Department of Defense and possibly the State Department, however, this a determination that must be made by those departments. If these departments feel that application of the NSC action does create serious difficulties then consideration could be given to clarifying or amending the action.

8. As indicated above it is not felt that the NSC action poses a problem to this Agency.

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Acting Director of Security

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